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The Aluminum Situation

Department of Economics and Statistics

January 1987

Shipments Down 0.3 Percent

Total industry net shipments for eleven months of 1986, at an estimated 14,132 million pounds, were down 0.3 percent from the first eleven months of 1985 total of 14,173 million pounds.

Domestic shipments of 13,299 million pounds were up 2.1 percent from the 1985 eleven month total of 13,026 million pounds.

Imports of ingot and mill products were up 40.4 percent and exports were down 27.5 percent.

Thru November

	11 Mos. 1986	11 Mos. 1985	% Change
Mill Products	11,455	11,014	+ 4.0%
Ingot	2,677	3,159	-15.3%
Total	14,132	14,173	- 0.3%
Less Exports	-833	-1,148	-27.5%
Domestic Total	13,299	13,026	+ 2.1%

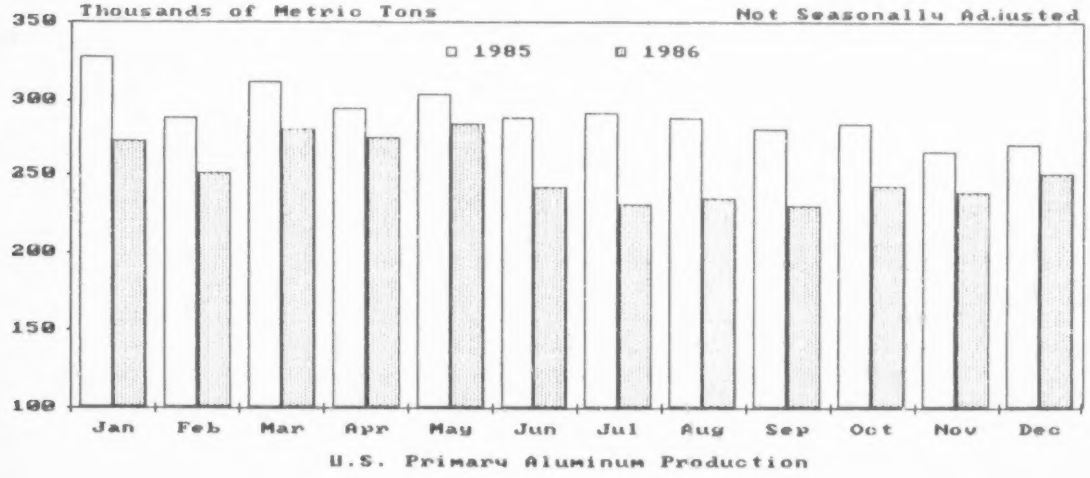
Millions of Pounds
Source: Latest month estimated by the Aluminum Association.
Previous data-Bureau of the Census.

Production Rate Down 7.1 Percent

U.S. primary aluminum production averaged 8,128 metric tons daily during December 1986, compared with and average 8,747 metric tons per day in December 1985.

The annual rate of production in December 1986 was 2,966,885 metric tons, compared to 2,913,004 metric tons in November 1986. The December 1985 annual rate was 3,192,694 metric tons. Actual production in December 1986 was 251,982 metric tons.

Primary Production

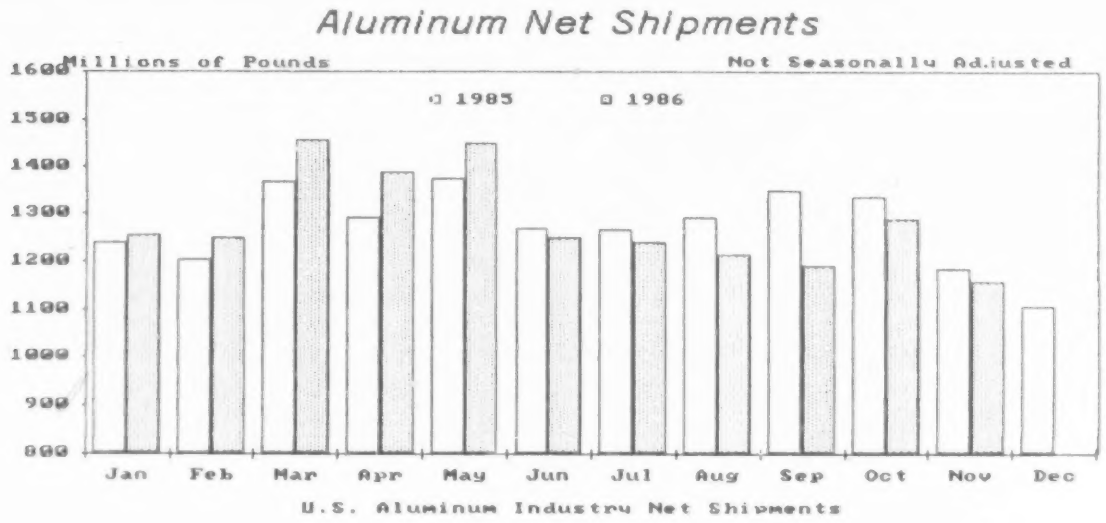


U.S. Primary Aluminum Production

Aluminum Association total industry estimates are based on information reported by members, which is aggregated by the Association and then expanded to total industry data utilizing an expansion ratio that attempts to reflect the relationship of reporters to the total industry. While the Association believes that its statistical procedures and methods are reliable, it does not warrant the accuracy or completeness of the data. All data contained herein are subject to revision.

Net Shipments Down 0.3 Percent

Estimated net new order receipts for twelve months of 1986 at 16,751 million pounds were up 13.0 percent from the twelve months of 1985 total of 14,830 million pounds. December orders of 1,367 million pounds were up 0.5 percent above a year ago.



Net Shipments

(Millions of Pounds)

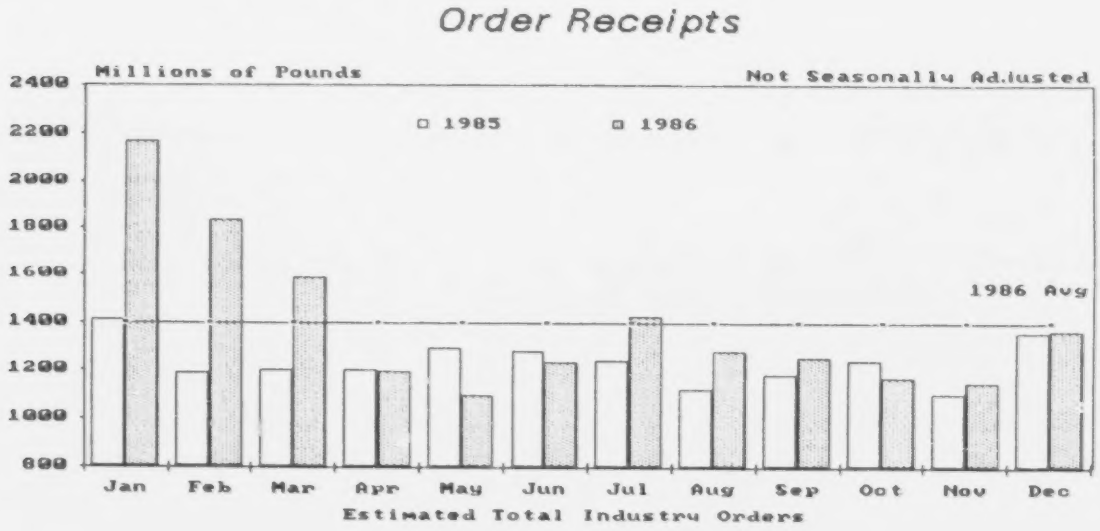
	1986 Dec.	1985 Dec.	1986 12 mos.	1985 12 mos.	% Change YTD 1986 vs. 1985
Can Stock(a)	249.6	230.8	3,463.9	3,106.8	+11.5
Sheet & Plate, Other	389.5	343.1	3,967.9	4,086.2	- 2.9
Foil	63.3	68.C	868.0	736.8	+17.8
Rod, Bar & Wire	22.7	27.8	306.0	233.2	+31.2
Electrical Conductor	50.4	61.7	644.0	695.3	- 7.4
Extruded Products	203.5	198.7	2,811.4	2,479.4	+13.4
Powder & Paste	3.7	9.2	73.0	124.3	-41.3
Forgings & Impacts	9.0	10.4	120.3	115.4	+ 4.2
Domestic Mill Products	991.7	949.7	12,254.5	11,577.4	+ 5.8
Ingot (Total)	300.2	284.1	3,729.2	2,213.2	+68.5
TOTAL DOMESTIC	1,291.9	1,233.8	15,983.7	13,790.6	+15.9
Exports	74.6	126.3	767.3	1,039.1	-26.2
TOTAL ALL PRODUCTS	1,366.5	1,360.1	16,751.0	14,829.7	+13.0

*Latest month estimated by the Aluminum Association.
Previous data-Bureau of the Census and Department of Commerce.
(a) Not included in product data above.
(b) Sufficient data not available for reliable estimate. Implicit in this item is a 10 to 25% variation.

Commencing January 1985, Census reports have changed product categories as follows: Rod, Bar and Wire now includes Extruded Rod and Bar; the former Extruded Products now only consists of Shapes and Pipe and Tube; and Welded Tube has been dropped.

Net New Orders Up 13.0 Percent

Estimated total industry net shipments of 14,132 million pounds for eleven months of 1986 were down 0.3 percent from the 1985 eleven month total of 14,173 million pounds. Exports were down 27.5 percent so domestic shipments showed a 2.1 percent increase over a year ago.



Order Receipts

(Millions of Pounds)

	1986 Nov.	1985 Nov.	1986 11 Mos.	1985 11 Mos.	% Change YTD 1986 vs. 1985
Sheet	470.0	464.1	5,883.1	5,714.9	+ 2.9
Plate	18.0	19.5	228.0	236.8	- 3.7
Foil	68.0	64.4	796.9	751.6	+ 6.0
Rod, Bar & Wire	24.0	26.5	305.6	280.0	+ 9.1
Electrical Conductor	44.0	46.2	588.2	627.1	- 6.2
Extruded Shapes & Tube**	215.0	210.9	2,531.9	2,423.0	+ 4.5
Powder & Paste	7.0	6.9	90.9	98.8	- 8.0
Forgings & Impacts	11.0	11.6	133.0	138.6	- 4.0
Net Imports of Mill Products (Total)(a)	98.9	60.3	897.6	743.5	+20.7
Total Mill Products	955.9	910.4	11,455.2	11,014.3	+ 4.0
Ingot(b)	200.0	272.6	2,676.5	3,159.2	-15.3
TOTAL INDUSTRY SHIPMENTS	1,155.9	1,183.0	14,131.7	14,173.5	- 0.3
Exports	-88.1	-79.0	-832.6	-1,147.9	-27.5
TOTAL DOMESTIC SHIPMENTS	1,067.8	1,104.0	13,299.1	13,025.6	+ 2.1

Source: The Association estimates total industry orders (including orders for imports), based on weekly reports by members of new orders (less cancellations) received. The Association expands these data to total industry utilizing an expansion ratio that attempts to reflect the relationship of reporters to the total industry. Weekly data are available upon request.
(a) Domestic only. Orders for imports of can stock are included in Sheet and Plate, Other.
*Latest month.

1986 Inventories Decreased 32 Million Pounds

Producer inventories decreased an estimated 37 million pounds in November 1986 from a revised October level of 4,929 million pounds.

Month-End Aluminum Inventories
By Type of Producer
Figures in Millions of Pounds

Month	Total*	Integrated	Smelters	Non-Integrated
Dec 84	5,850	4,692	229	929
Month	**Total***	**Ingot**	**Scrap**	**All Other**
Jan 86	5,161	2,167	561	2,433
Feb 86	5,158	2,038	562	2,558
Mar 86	5,054	1,865	521	2,668
Apr 86	5,097	1,795	560	2,743
May 86	5,045	1,840	591	2,614
Jun 86	5,043	1,959	614	2,471
Jul 86	5,084	1,998	625	2,461
Aug 86	5,059	2,058	626	2,375
Sep 86	4,976r	1,995r	647r	2,334r
Oct 86	4,929r	1,890r	622r	2,418r
Nov 86	4,897	1,843	599	2,455

*Latest month estimated by Aluminum Association. Previous data-Bureau of the Census. Inventories include ingot, mill products and scrap.
Early estimates are available approximately the 5th working day each month; however; there is a charge for this special service. Contact the Aluminum Association Department of Economics and Statistics for details.

Imports and Exports

(Millions of Pounds)

		1986 Nov.	1985 Nov.	1986 11 Mos.	1985 11 Mos.	% Change 1986 vs. 1985
Imports	Mill Products	106.9	77.4	1,024.9	938.9	+ 9.2
	Ingot	200.1	152.8	2,803.5	1,787.7	+ 56.8
	Total	307.0	230.2	3,828.4	2,726.6	+ 40.4
	Scrap (+ dross)	42.6	29.6	344.4	257.6	+ 33.7
	Grand Total	349.6	259.8	4,172.8	2,984.2	+ 39.8
Exports	Mill Products	45.0	38.0	417.5	408.5	+ 2.2
	Ingot	43.0	41.0	415.0	739.4	- 43.9
	Total	88.0	79.0	832.5	1,147.9	- 27.5
	Scrap	65.1	55.2	704.9	767.0	- 8.1
	Grand Total	153.1	134.2	1,537.4	1,914.9	- 19.7
Net Imports		196.5	125.6	2,635.4	1,069.3	+146.5

Source: Department of Commerce, Industry Trade Administration and Bureau of the Census. Excludes backed foil.